

Historic, Archive Document

Do not assume content reflects current
scientific knowledge, policies, or practices.

7280.3449
C 39
copy 2

✓
MILK MARKET INFORMATION BULLETIN
CHATTANOOGA, TENNESSEE MARKETING AREA
U.S. DEPT. OF AGRICULTURE
NATIONAL MARKETING SERVICE
April 1968

Volume 12

JUN 5 - 1968

Number 9

Released Pursuant to §1090.72(j) and §1090.85, USDA-C&MS
Federal Order No. 90, 5916 Brainerd Road, Chattanooga, Tennessee 37411
J. B. McCroskey, Market Administrator

MARKET SUMMARY - APRIL 1968

The Chattanooga Order MINIMUM uniform producer prices per cwt. at pool plants for milk testing 3.5% butterfat are: Base Milk - \$5.89 and Excess Milk - \$4.14. The producer butterfat differential is 8.2 cents for each one-tenth of one percent above or below 3.5% test. This is a Base and Excess price increase of 44 cents and 83 cents respectively above April 1967.

In April 1968, 72.5% of the producer milk received by pool plants was priced in Class I at \$6.28 per cwt. and 27.5% was priced in Class II at \$4.18 per cwt. The April butterfat differential for Class I was 8.6 cents and Class II was 7.6 cents.

Total producer milk received during April 1968 was 19,619,975 pounds which is an increase of 307,212 pounds or 1.6% compared with April 1967. Deliveries of producer Base milk exceeded producer milk used in Class I by 3,015,828 pounds or percentage-wise only 82.5% of Base milk was used in Class I. The April daily average deliveries from 536 producers was 1,220 pounds. This compares to 555 farms delivering a daily average of 1,160 pounds per day during April 1967.

ORDER ENFORCEMENT ACTIONS

A Grand Jury in Dallas, Texas, recently indicted a regulated handler, Lyles Milk, Inc., J. J. Lyles and his wife Mrs. Ruby Lyles, owners, on a six-count criminal indictment under Title 18, United States Code, Section 1001. The defendants are charged with knowingly filing false, fictitious and fraudulent reports of receipts and utilization with the market administrator. Allegedly receipts of milk powder were not reported and milk sales were understated. The above cited statute provides for a maximum penalty of a \$10,000 fine and five years imprisonment for each count.

In another enforcement action, Joseph and Cross Nicastro, operators of a producer-handler dairy plant, have each been fined \$1250 in Federal Court for violating the New York-New Jersey Federal Milk Marketing Order. Judgement was entered in the U. S. District Court after the Nicastros pleaded guilty to three counts for failing to disclose complete information on the handling of milk from their own production.

SPECIAL CLASS I SALES DATA

A special survey was made for November 1967 regarding a unit breakdown between type of containers and method of distribution of Class I items. A summary of the method of distribution by pounds showed that wholesale was 94.8% and retail was 5.2% of the total. The type of container summary showed that of the total volume of Class I pounds, 78.3% was distributed in paper and 21.7% in plastic and glass.

COMPARISON OF MILK RECEIPTS AND UTILIZATION

	% Apr. '68 over Apr. '67	Apr. 1968 11	Mar. 1968 11	Apr. 1967 9
Number of Plants (Pool and Non-Pool)				
<u>RECEIPTS POUNDS (DAILY AVERAGE)</u>				
Producer Milk	+ 1.6	653,999	597,054	643,759
Other Source	+ 25.7	27,687	30,334	22,030
Other Federal Orders	+ 121.1	122,377	136,378	55,361
TOTAL MILK RECEIPTS	+ 11.5	804,063	763,766	721,150
<u>UTILIZATION POUNDS (DAILY AVERAGE)</u>				
<u>Class I Uses</u>				
Homo Milk	+ 6.1	385,713	387,294	363,559
Skim - Regular	+ 30.0	20,987	21,150	16,138
Skim - 2% Milk	+ 6.6	37,925	37,785	35,585
Buttermilk	+ 11.9	44,499	43,511	39,756
Flavored Milk and Drink	+ 22.5	13,794	12,952	11,256
Creams (Sweet and Sour)	+ 16.2	3,126	2,957	2,690
Sub-Total - Pkg. Products (Pool Plants)	+ 7.9	506,044	505,649	468,984
Other (Shrinkage, Inventory, etc.)		3,023	124	713
Sales to Non-Pool Plants		18,479	45,447	26,644
In-Area Sales by Non-Pool Plants	- 4.4	4,383	5,290	4,583
TOTAL CLASS I MILK	+ 6.2	531,929	556,510	500,924
<u>Class II Uses - Pool Plants</u>				
Ice Cream Mixes	+ 2.7	49,758	44,357	48,432
Cottage Cheese	+ 11.7	38,067	35,251	34,089
Powdered and Condensed Milk		139,522	50,932	89,009
Livestock Feed and Skim Dumped		6,222	6,280	7,081
Sub-Total - Used to Produce	+ 30.8	233,569	136,820	178,611
Shrinkage Class II		12,029	10,663	10,461
Other (Inventory Variation, etc.)		(7,426)	16,699	13,037
Bulk Sales to Non-Pool Plants		33,962	43,074	18,117
TOTAL CLASS II MILK	+ 23.6	272,134	207,256	220,226
Class I Pounds in Area - Pool Plants	+ 2.9	302,114	304,468	293,629
Class I Pounds Out of Area - Pool Plants	+ 11.2	225,432	246,752	202,712
Class I Pounds in Area - Non-Pool Plants	- 4.4	4,383	5,290	4,583
% Producer Milk of Gross Class I		122.9	107.3	128.5
% Producer Milk Priced in Class I		72.5	77.7	71.9

CLASS I MINIMUM PRICE COMPUTATION INCLUDING SUPPLY-DEMAND ADJUSTMENT

<u>Per \$1090.51(a) Amended</u>	<u>May '68</u>	<u>Apr. '68</u>	<u>May '67</u>
Basic Formula 1/	\$4.33	\$4.05	\$4.05
Plus Class I Differential 2/	1.95	1.95	1.95
Supply-Demand Adjustment	0.28	0.28	0.00
Class I Price, 3.5% Butterfat	\$6.56	\$6.28	\$6.00

MAY 1968

Supply-Demand Comparison: 2nd and 3rd preceding months: February and March	
Supply: Lbs. Producer Milk (Feb. 17,068,556 and Mar. 18,508,679)	35,577,235
Demand: Lbs. Net Class I Milk (Feb. 16,739,274 and Mar. 17,087,826)	33,827,100
Utilization Percentage: Producer milk divided by Class I	105
Standard Utilization Percentage: Range 119-123	119
Net Deviation Percentage: Utilization minus Standard Utilization	Minus 14
Supply-Demand Adjustment: 2 cents x 14 percentage points	Plus \$0.28

1/ Basic Formula "Floor" per Order Amendments

2/ Increased 20 cents - May 1967 through April 1969

COMPUTATION OF PRODUCER UNIFORM BASE AND EXCESS PRICES
AND WEIGHTED AVERAGE PRICE

APRIL 1968	Class %	Milk Pounds	Butterfat Test - %	Cwt. Price @ Test	Gross Value
Gross Class I		15,957,883	3.392		
Less Other Source		1,735,438	3.039		
Producer Milk Class I	72.5	14,222,445	3.435232	\$6.224300	\$ 885,247.64
Gross Class II		8,164,006	4.434		
Less Other Source		2,766,476	3.434		
Producer Milk Class II	27.5	5,397,530	4.946466	5.279314	284,952.56
TOTAL PRODUCER MILK (Cl. I + Cl. II)	100.0	19,619,975	3.850978		\$1,170,200.20
Add Fractional Adjustment					.01
Add Value of Other Source Receipts					
Allocated to Class I and Location Adj.		317,182			15,352.11
Add $\frac{1}{2}$ Producer-Settlement Fund Reserve					6,348.82
TOTAL VALUE AT TEST		19,937,157	3.818759	\$5.978290	\$1,191,901.14
Less Test over 3.5% @ 8.2¢ per point		19,937,157	.318759	.261382	52,112.14
TOTAL UTILIZATION VALUE AT 3.5%		19,937,157	3.5	\$5.716908	\$1,139,789.00
Less Reserve Per \$1090.71(f)		19,937,157		.046908	
WEIGHTED AVERAGE PRICE - 3.5% TEST		19,937,157	3.5	\$5.67	
Less FMP from Unregulated Supply Plants					
Allocated to Class I @ Wt. Av. Price		317,182	3.5	\$5.67	17,984.22
TOTAL PRODUCER MILK VALUE @ 3.5% TEST		19,619,975	3.5		\$1,121,804.78
		Pounds	Price	Amount	
Excess Producer Milk Used in Class I		-	-	-	
Excess Producer Milk Used in Class II		2,381,702	\$4.18	\$99,555.14	
Total Value of Excess Milk		2,381,702	.4.18	99,555.14	
Less Prod.-Settlement Fund Reserve @ 4¢		2,381,702	.04		952.68
UNIFORM EXCESS PRICE - 3.5% TEST		2,381,702	\$4.14		\$ 98,602.46
Total Value of Base Milk		17,238,273	5.930116		1,022,249.64
Less Producer-Settlement Fund Reserve		17,238,273	.040116		6,915.31
UNIFORM BASE PRICE - 3.5% TEST		17,238,273	\$5.89		\$1,015,334.33

APRIL 1968 MINIMUM PRODUCER PRICES CWT. F.O.B. CHATTANOOGA POOL PLANTS
BUTTERFAT DIFFERENTIAL 8.2¢ PER POINT (EXCLUDES PREMIUMS)

TEST %	PRICES		TEST %	PRICES		TEST %	PRICES	
	BASE	EXCESS		BASE	EXCESS		BASE	EXCESS
3.0	\$5.48	\$3.73	4.0	\$6.30	\$4.55	5.0	\$7.12	\$5.37
3.05	5.521	3.771	4.05	6.341	4.591	5.05	7.161	5.411
3.1	5.562	3.812	4.1	6.382	4.632	5.1	7.202	5.452
3.15	5.603	3.853	4.15	6.423	4.673	5.15	7.243	5.493
3.2	5.644	3.894	4.2	6.464	4.714	5.2	7.284	5.534
3.25	5.685	3.935	4.25	6.505	4.755	5.25	7.325	5.575
3.3	5.726	3.976	4.3	6.546	4.796	5.3	7.366	5.616
3.35	5.767	4.017	4.35	6.587	4.837	5.35	7.407	5.657
3.4	5.808	4.058	4.4	6.628	4.878	5.4	7.448	5.698
3.45	5.849	4.099	4.45	6.669	4.919	5.45	7.489	5.739
3.5	5.89	4.14	4.5	6.71	4.96	5.5	7.53	5.78
3.55	5.931	4.181	4.55	6.751	5.001	5.55	7.571	5.821
3.6	5.972	4.222	4.6	6.792	5.042	5.6	7.612	5.862
3.65	6.013	4.263	4.65	6.833	5.083	5.65	7.653	5.903
3.7	6.054	4.304	4.7	6.874	5.124	5.7	7.694	5.944
3.75	6.095	4.345	4.75	6.915	5.165	5.75	7.735	5.985
3.8	6.136	4.386	4.8	6.956	5.206	5.8	7.776	6.026
3.85	6.177	4.427	4.85	6.997	5.247	5.85	7.817	6.067
3.9	6.218	4.468	4.9	7.038	5.288	5.9	7.858	6.108
3.95	6.259	4.509	4.95	7.079	5.329	5.95	7.899	6.149

CHATTANOOGA ORDER MILK PRICES (3.5 PERCENT MILK)

Date	PRODUCER UNIFORM PRICES 1/				HANDLER CLASS PRICES 1/			
	Per Hundredweight				Class I		Class II	
	Uniform	Base	Excess	Bf.Dif.	Cwt.	Bf.Dif.	Cwt.	Bf.Dif.
Apr. '67	\$5.19 2/	\$5.45	\$3.31	8.2¢	\$5.94	8.6¢	\$3.35	7.6¢
May	5.33 2/	5.54	3.32	8.2	6.00	8.6	3.36	7.6
June	5.47 2/	5.68	3.33	8.2	6.16	8.6	3.37	7.6
July	5.56 2/	5.76	3.33	8.2	6.24	8.6	3.37	7.6
Aug.	5.67	-	-	8.4	6.24	8.6	3.97	7.7
Sept.	5.71	-	-	8.4	6.16	8.7	3.97	7.7
Oct.	5.63	-	-	8.4	5.98	8.7	3.98	7.7
Nov.	5.57	-	-	8.4	5.98	8.7	4.00	7.6
Dec.	5.65	-	-	8.4	6.14	8.6	4.04	7.8
Jan. '68	5.73	-	-	8.4	6.20	8.8	4.01	7.6
Feb.	5.77	-	-	8.4	6.20	8.6	4.00	7.6
Mar.	5.68 2/	5.81	3.98	8.2	6.20	8.6	4.02	7.6
Apr.	5.67 2/	5.89	4.14	8.2	6.28	8.6	4.18	7.6
May	-	-	-	-	6.56	8.6	-	-

Date	PRICE QUOTATIONS				PRODUCER MILK USE (Daily Average)			
	Chi.92° Butter	Minn/Wisc Mfg. Milk	Chi.Area Powder	Basic Formula 4/	Class I		Class II	
	¢ Lb.	\$-cwt-3.5%	¢ Lb.	\$-cwt-3.5%	Pounds	Test-%	Pounds	Test-%
Apr. '67	66.45	3.98	19.47	4.05	463,179	3.50	180,580	4.97
May	66.47	3.96	19.44	4.05	458,593	3.51	152,870	5.28
June	66.47	3.96	19.47	4.05	444,378	3.46	140,548	5.30
July	66.47	3.95	19.46	4.05	427,640	3.50	128,838	5.27
Aug.	67.07	3.97	19.46	4.05	427,213	3.49	135,298	5.13
Sept.	67.13	3.97	19.37	4.05	482,438	3.47	113,367	5.97
Oct.	66.59	3.98	19.42	4.05	493,777	3.58	96,943	6.71
Nov.	66.48	4.00	19.50	4.05	470,450	3.57	109,481	6.66
Dec.	67.69	4.04	19.46	4.05	456,371	3.49	128,470	6.37
Jan. '68	66.44	4.01	19.42	4.05	476,833	3.58	111,321	6.73
Feb.	66.44	4.00	19.46	4.05	486,051	3.55	102,520	6.64
Mar.	66.44	4.02	19.49	4.05	463,722	3.48	133,332	5.80
Apr.	66.44	4.18	21.96	4.33	474,081	3.44	179,918	4.95

SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE POUNDS)

Date	HANDLER GROSS MILK 3/			PRODUCER DATA				Deliveries Per		
	No.	Total	Class I	No.	Total	Base	Average	Farm-----Pounds		
	Hdlrs.	Receipt	Use	Prod.	Delivery	Delivery	Test-%	Prod.	Base	Exc.
Apr. '67	9	721,150	500,924	555	643,759	566,415	3.91	1,160	1,021	139
May	9	686,775	497,821	552	611,463	553,010	3.96	1,108	1,002	106
June	8	674,624	483,482	552	584,926	533,490	3.90	1,060	967	93
July	8	625,871	467,337	549	556,478	510,262	3.91	1,014	930	84
Aug.	8	627,993	469,524	548	562,511	-	3.88	1,026	-	-
Sept.	9	688,881	539,805	551	595,805	-	3.95	1,081	-	-
Oct.	9	717,502	575,169	550	590,720	-	4.09	1,074	-	-
Nov.	9	718,857	554,957	549	579,931	-	4.16	1,056	-	-
Dec.	9	721,913	535,531	548	584,841	-	4.12	1,067	-	-
Jan. '68	9	729,565	562,990	546	588,154	-	4.18	1,077	-	-
Feb.	10	745,749	579,909	541	588,571	-	4.08	1,088	-	-
Mar.	11	763,766	556,510	539	597,054	553,510	3.99	1,108	1,027	81
Apr.	11	804,063	531,929	536	653,999	574,609	3.85	1,220	1,072	148

1/ Excludes Premiums.

2/ Weighted Average Price

3/ Other Source is Gross minus Producer; Class II is receipts minus Class I

4/ Basic Formula "floor" per Order Amendments

APRIL 1968 TOTAL CLASS I UNIT SALES BY 5 POOL AND 6 NON-POOL PLANTS 1/

	<u>GALLONS</u>	<u>½ GALS.</u>	<u>QUARTS</u>	<u>PINTS</u>	<u>½ PINTS</u>	<u>PRODUCT LBS.</u>	<u>%-TOTAL</u>
Homo Milk	664,217 2/	796,233	200,388	506,703	2,826,313 4/	11,630,757	76.0
2% Milk	100,693	67,743	-	-	-	1,159,947	7.6
Skim	-	121,758	42,923	-	24,764	631,308	4.1
Buttermilk	To ½ Gals. 3/	237,259	134,405	41,377	44,638 4/	1,382,464	9.0
Choc. Drink	-	To Qts. 3/	60,444	191,608	184,568 4/	414,505	2.7
Half & Half	-	-	6,170 5/	33,416	-	48,901	0.3
Creams (X & XX)	To Qts. 3/	-	1,963	-	26,142	17,789	0.1
Sour Cr. & Dips	1,199-5 lb. ctns.	-	-	-	40,558	27,160	0.2
				Total Pounds		15,312,831	100.0

1/ Includes all unit sales by pool plants and sales "in-area" by non-pool plants.

2/ Includes glass, paper, plastic, and dispenser gallons and Twin-Pak half gallons.

3/ Restricted - Distributed by less than 3 handlers.

4/ Third-quarts of Homo, Buttermilk and Chocolate Drink included with half-pints.

5/ Includes ½ ounce creamers.

EXPAND ADA PROGRAM IN EASTERN TENNESSEE

It was recently announced that more than \$150,000 additional dollars will be invested in a special fluid milk promotion in selected eastern markets in Tennessee, effective June 1, 1968 for a 12-month period, according to a recent agreement signed by the American Dairy Association and the Tennessee Valley Cooperative. Tennessee has nearly 100 percent support for the regular national promotional program of ADA on the 2¢ cwt. of milk.

The Tennessee Valley Cooperative represents producers in Knoxville, Maryville-Alcoa, Oak Ridge, Morristown, Chattanooga, Athens, and Dalton, Georgia. The promotional program will be directed by ADA and the Coop's coordinating committee.

The year-long advertising program for the "Big Lift" will star George Gobel in local newspaper ads, on radio and television commercials, and on outdoor billboards. And to support the concept of the energy-giving-qualities of milk, American Dairy Association has created a group called the "Energetics." These young people will be used in print ads and on radio/TV commercials. The print ads will depict them in active sporting situations with the energy needed to participate supplied by milk.

Hugh Downs, personable host of the "Today Show" on NBC-TV, will deliver personalized commercials for milk and milk products. Barbara Walters and Frank Blair, show regulars, will also be used for milk commercials.

Three different point-of-sale campaigns in 1968 will promote the "Big Lift" theme. During the first quarter of the year, milk was featured with breakfast to give the Big (energy)Lift all morning. During the summer months, the warm weather campaign will spotlight "Milk a la mode for the big lift all summer." These coolers are easily made with milk, ice cream, and flavorings. And, during the fall months, consumer will be reminded to drink milk with lunch for the "Big Lift" all afternoon.

This special fluid milk promotion program for the Tennessee Valley Cooperative is based on ADA research which proved that increased non-brand advertising and promotion can increase sales.

CHATTANOOGA HANDLERS - APRIL 1968POOL PLANTS:

Happy Valley Farms, Inc.
Mayfield Dairy Farms, Inc.
Ray Moss Farms, Inc.
Sealtest Foods
Tennessee Valley Milk Producers, Inc.
(Chattanooga Division)

NON-POOL PLANTS:

Ideal Pure Milk Co. 2/
Irvindale Dairies, Inc.
Sealtest Foods 1/
Stoffell's Dairy 1/
Superbrand Dairy Products, Inc.
Wolfe Enterprises, Inc. 1/

- 1/ Fully regulated under F.O. 101, Knoxville
2/ Fully regulated under F.O. 46, Louisville-Lexington-Evansville

FARMERS VOTE ON AMENDED ORDER

A final decision on amending the Chattanooga Federal Order was signed April 26, 1968. Dairy farmers will vote by mail on the issuance of the proposed milk marketing order. Not all farmers will vote individually because a qualified cooperative association is permitted by law to cast a collective ballot for its members if it so chooses. The Tennessee Valley Milk Producers, Inc. has announced it will vote for its members. To become effective, the proposed order must be approved by at least two-thirds of all dairy farmers voting in the referendum.

The terms and provisions of the order, as amended, upon which this referendum is being held, will include the terms and provisions of the order which currently regulates the handling of milk in the Chattanooga, Tennessee marketing area modified as indicated below:

1. Expand the present marketing area of Bradley, Hamilton and McMinn Counties, Tennessee, to include the additional counties of Marion, Meigs, Monroe, Polk, Rhea and Sequatchie in Tennessee and Catoosa, Chattooga, Dade, Fannin, Murray, Walker and Whitfield in Georgia.
2. Reduce the "in-area" route sales requirement of a pool distributing plant from 20 to 15 percent of its total Class I sales.
3. Reduce the Class I butterfat differential from 13 to 12 percent of the Chicago butter price.
4. Divide the present 2 percent Class II shrinkage allowance between receiving operations (0.5 percent) and processing operations (1.5 percent).
5. Classify as Class II the butterfat portion of milk products dumped or disposed of for livestock feed. Such classification is now limited to the skim milk portion.
6. Allow, without further obligation, the receipt of packaged fluid milk at pool plants from federally-unregulated plants that receive off-setting quantities of milk already priced as Class I under the Chattanooga order.
7. Require that a producer-handler's production and processing operations be his personal risk.
8. Eliminate the 4-cent deduction in the excess price computation.